

Community Lending Plan
Federal Home Loan Bank of Des Moines
Year 2001

I. Regulatory Requirements

The Federal Housing Finance Board Community Investment Cash Advance (CICA) regulation requires that the Federal Home Loan Bank of Des Moines (Bank) annually develop a Community Lending Plan (Plan). Development of the Plan requires that the Bank:

- Conduct market research within the Bank's district
- Describe how the Bank will address identified unmet credit needs and market opportunities in the district for community lending (defined as economic development lending)
- Consult with its Affordable Housing Advisory Council and with members, housing associates, and public and private economic development organizations in the district in developing and implementing its Plan
- Establish quantitative economic development lending performance goals.

In addition, the Bank is to provide annually to each of its members a written notice:

- Identifying CICA programs and other Bank activities that may provide opportunities for a member to meet the community support requirements and to engage in economic development lending and
- Summarizing economic development lending and affordable housing activities undertaken by members, housing associates, nonprofit housing developers, community groups, or other entities in the Bank's district, that may provide opportunities for a member to meet the community support requirements and to engage in economic development lending.

II. Bank Activities to Implement the CICA Regulation

A. Market Research in 2000

Building on the research done in 1999, the Bank held a facilitated economic development planning session in June, 2000, with the Board of Director's Housing and Economic Development Committee (Committee) and the Affordable Housing Advisory Council (AHAC). Participants determined the highest priority economic development needs within the district and identified specific Bank activities to address them. The activities were grouped under four general categories prioritized from highest to lowest as follows: 1) technical assistance, 2) CICA

advances, 3) economic development loan purchase program and 4) an economic development fund. The Bank activities included in the 2001 Community Lending Plan are intended to address the three highest priority activities.

Even though providing funds for housing is not included in the regulatory definition of community lending (which is exclusively economic development lending), members, the AHAC and the Bank's Board of Directors understand that in many communities the two can not be easily separated. As a result the Bank will continue to promote its Affordable Housing Program as an important tool that its members can use to provide affordable housing in their market areas. The Bank's Community Investment Program will continue to be offered to members to assist them in providing lending for affordable housing.

B. Bank Activities in 2001

- **Continue Offering the Rural Development Advance (RDA) and Urban Development Advance (UDA) Programs.** The Bank will continue to offer these programs in 2001. In these programs the Bank makes advances at its cost of funds plus a markup to cover its expenses. This rate is the Bank's Community Investment Program (CIP) rate.
- **The Bank will offer two CICA discount advance programs in 2001.** 1) The Partnership 2000 advance to fund community lending in areas that are a part of a downtown revitalization program will continue to be offered in 2001 2) A new discounted CICA advance to fund community lending to CICA eligible businesses whose employees are paid a wage that is at or above a living wage will also be offered. The living wage is defined as 140% of the Federal Poverty Guideline (FPG) for a family unit of four living within the contiguous United States in an urban area and as 130% of the FPG in a rural area. In these programs the Bank makes an advance at an interest rate 10bp below the Bank's CIP rate.
- **Add a Permanent Staff Position to Provide Economic Development Technical Assistance to Members, Housing Associates and Others.** Members, associates and others will be provided a resource for information concerning funding sources in the district, land development, community development and strategic community planning. Technical assistance will be provided to individual entities and also in group or seminar settings.
- **Evaluate the feasibility of purchasing multi-family and economic development loans from economic and community development organizations.** The Bank's staff will work with organizations such as the Community Reinvestment Corporation in Minneapolis to develop a pilot program designed to purchase multi-family and economic development loans.
- **Conduct ongoing market research to assess unmet credit needs and market opportunities for community lending.** As part of its economic development planning for 2002, the Bank plans to hold a joint AHAC/Committee economic development planning

session to in June of 2001 to determine what community lending activities should be undertaken in 2002.

- **Enhance Relationships within Community and Economic Development Organizations.**
The Bank will participate and support specific conferences and workshops within the district with community and economic development organizations.
- **Increase Member and Community and Economic Development Organization Awareness.** Bank staff will personally call on members and community and economic development organizations to discuss the Bank's economic development advance products. Also, the Bank will conduct community lending seminars in the district. The AHAC annual report will contain information on CICA advances and Bank CICA activities. The AHAC annual report will satisfy the annual notice provision of the CICA regulation.

C. Quantitative Plan Goals for 2001

Dollars in CICA Advance Originations	\$122 Million
Number of Partnership 2000 and Living Wage Advances originated	25
Number of on-site Sales calls by Community Investment staff and Marketing Department staff to members, community and economic development organizations	180
Number of specific conferences and workshops within the district in which Bank staff will participate or the Bank will support	8

D. Limits on CICA Advances

- Total outstanding CICA balances can not exceed \$1.25 billion
- Total outstanding Partnership 2000 advances and Living Wage advances cannot exceed \$100 million of the total CICA outstanding balances.
- The per member limit on Partnership 2000 advances and Living Wage advances is \$4 million
- Per member limit on CICA advances of the greater of 15% of non-CICA advances or \$5 million including advances for Partnership 2000 and Living Wage advances
- Maximum percent of Area Median Income (AMI) to qualify for CICA advances to fund economic development lending is 115% for rural areas and 100% for urban areas
- Minimum advance term of 6 months
- Housing Associates may receive no more than one-third of the total economic development CICA advances originated in 2001¹

¹ Housing Associates have access to housing funds at a discounted rate. The Board approved a \$25 million housing advance allocation of funds at 3bp above the CICA rate for Housing Associates